



# ***ASICS Corporation***

**The stocks code:** 7936

**Stock price (September 3rd, 2012):** ¥1050

**Rating:** "BUY"

**Target Stock Prices:** ¥1207

## ***1. Summary***

The target stock price of ASICS Corporation was estimated at ¥1207 by using the Discounted Cash Flow method (hereafter, DCF method). It is 15% higher than current stock prices ¥1050. Thus our investment recommendation of ASICS is "buy". ASICS continues to focus on offering the high-quality running shoes. They will benefit from expanding the running shoes market in the world and increase sales in the future.

## ***2. Company Overview***

Asics Corporation was established by Onitsuka Kihachiro as sport shoes manufacturer in 1949. Today, they are Japanese sport goods manufacturer that supplies mainly sport shoes and sportswear, sport equipment. And their ratio of net sales in worldwide is more than 70% and aggressively expand their business abroad. The net sales were 247billion yen and the operating income was 19billion yen as of the end of March 2011, which was ranked first for Japanese domestic sport goods manufactures that is one and a half times as tall as Mizuno (Exhibit 1) and the fourth in the world (Exhibit 2). They aim to achieve the net sales of 400billion yen by 2015 and expand their business with a focus on running shoes.

## ***3. Business Overview***

They have three businesses which are sport shoes business, sportswear business, sport equipment business.

- **Sport Shoes :** This business accounts for more than 70% of net sales and drive their profit (Exhibit 3). Particularly running shoes account for about 60% of shoes business against a background of running boom (Exhibit 4 ). Running shoes business also brings great net sales 5% per every year from 2009 to 2011. In addition, they have athletic shoes like basketball, fashionable Onitsuka Tiger shoes which was old corporate name before they altered their corporate name to ASICS.
- **Sport Wear :** This business accounts for about 20% of net sales. They have athletic clothing like running and soccer and school gym clothing. The rate of sportswear is lower than competitors.
- **Sport Equipment:** This business accounts for about 7% of net sales. They have sport equipments associated with playing sport. Those range from sport bag to athletic supporter.

## ***4. Characteristics of the Business of ASICS***

- **High Quality:** Their main business running shoes business needs high quality technology. Running shoes' functions are raising performance and protecting athlete's legs from injury. To achieve these purposes, sport goods manufacture has to high quality shoes. ASICS have maximized the accumulated know-how on experience as sport shoes manufacture since its establishment and developed its goods in the latest sport science laboratory.



- **Good Service:** One of their characteristic is great service. They put an effort to cultivate store staffs who could offer customers suitable shoes. They have “ASICS FOOT ID” in directly managed stores. This is analytic service to measure size of the feet and footwork under running. They have offering suitable shoes for customers available. And they operate website for runner “My ASICS”. This is website that make a menu for runner and able to offer information for customer to find suitable shoes. Also this website can collect individual detailed information, lead to develop high quality products.
- **Focusing on the Field of Running Shoes:** Focusing on the field of Running Shoes is one of the good factor. In mid-1990, they diversified into tennis racket and table-tennis paddle, racing's bicycle, stationery. Some unprofitable businesses resulted from diversifying management resources. So they withdrew unprofitable businesses and focused on the field of running shoes. Running shoes need high technology and research development and so have realized high quality from focusing on management resource.

## 5. Future net sales

The future net sales of each area are estimated considering the expected population growth rate and GDP per capita. (Exhibit 5)

We define the people who run more than once a week as “marathon enthusiasts”. Such serious runners need high quality shoes and they will affect ASICS's net sales. The transition of the number of the enthusiasts in Japan shows Exhibit 6. In addition, Exhibit 6 shows that there is a correlation between GDP per capita and the number of the enthusiasts. Thus, we consider the growth rate of GDP per capita and estimate the future net sales of each area.

- **Japan area:** We assume that recent marathon boom will continue and the number of the marathon enthusiast will increase. And considering the relation between the number of the marathon and GDP per capita, we expect that the net sales in Japan will increase by 3% in 2013-2015 and the growth rate will be diminishing in 2016 and later.
- **America area:** America area is seen by dividing it into two blocks, the United States and Brazil. First, we describe the future net sales of the United States. Running has been popular among people in the United States and a kind of culture. The population is also expected to increase and the sales figures will be going up steadily. Considering the growth rate of GDP per capita and the population, we expect that the growth rate of sales in the United States is about 5%. Next, we state the future net sales of Brazil. Brazil was not very important market for ASICS and net sales was also small so far. But ASICS opened the flag shop in Sao Paulo at September 2011 and start expanding their business seriously in Brazil. One of the background factors of this situation is that Rio de Janeiro was elected the host city for 2016 Olympics. We also expect that holding an Olympics causes economic growth in Brazil and sales of running shoes will also increase. Thus, the sales growth of Brazil will have an influence on net sales of Americas segment in 2016 and later. Based on the reasons mentioned above, we expect that the annual growth rate of Americas segment are about 5% (2013-2016) and about 7% (2017-2022).
- **Europe area:** In Europe area, sales of running shoes have been climbing for some years because of rising health consciousness. But recent economic crisis causes a severe recession and the rate of sales growth will be slowing temporarily. And this area is favorite ground of ADIDAS and PUMA (originated in Germany). Business scale of these companies is much larger than that of ASICS and it is difficult that ASICS increases sales sharply in Europe. Therefore, we assume that an annual growth rate of Europe area is 3.4% in 2014 and 2015. In 2016 and later, the growth rate will



be diminishing as well as Japan area.

- **Oceania area:** Considering the growth rate of GDP per capita and population, we assume that the net sales will increase by about 4%.
- **East Asia area:** In East Asia area, the key factor is the sales growth of China. In China, ASICS's target is the high income people. Exhibit7shows the number of the upper-middle and wealthy class people in China. You can see the sharp rising of number of them in the future. Based on the data, we assume that the net sales of East Asia area will increase by about 17% until 2015, increased by about 15% in 2016 and later.

## **6. Valuation: DCF (Discounted Cash Flow) Model**

The target stock price was estimated by discounting the future operating free cash flow of ten years and continuation value with WACC (Weighted Average Cost of Capital:4.58). As a result, the target stock price is estimated to be ¥1050. The target stock price is higher than the current stock price ¥1050. Therefore, our investment recommendation is “buy”.



## APENDIX

Ranking	Company	net sales (millions of yen)
1	ASICS	247,792
2	MIZUNO	154,982
3	DESCENT	83,029

(Fiscal year of 2011)

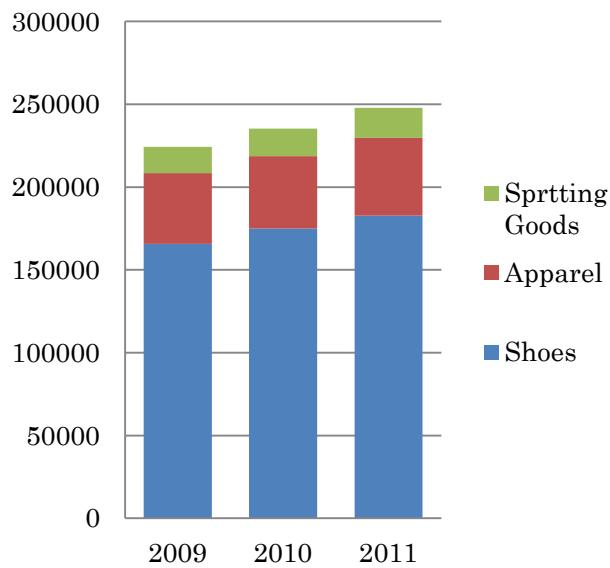
Ranking	Company	Country	net sales (millions of yen)
1	NIKE	USA	1,483,852
2	ADIDAS	Germany	1,134,853
3	ASICS	Japan	247,792
4	PUMA	Germany	234,822

(Fiscal year of 2010)

Exhibit 1: National Sport Goods Manufacture Ranking

Exhibit 2: Worldwide Sport Goods Manufacture Ranking

### ASICS Net Sales by Product



### ASICS Net Sales by Sport Shoes

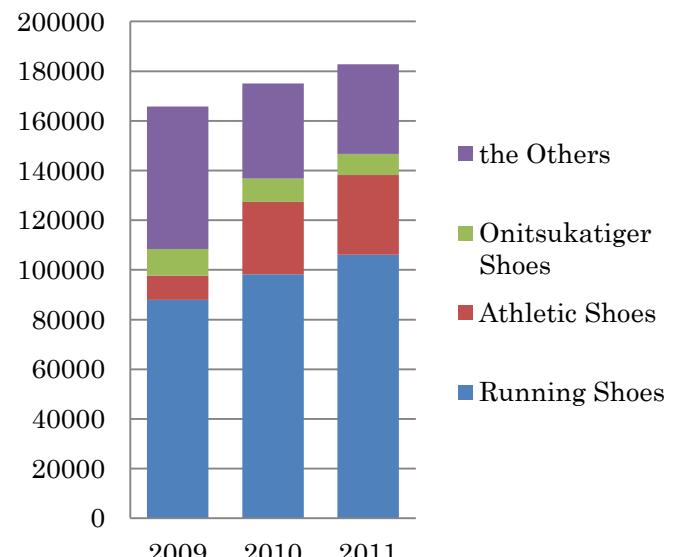


Exhibit 3: ASICS Net Sales by Product

Exhibit4: ASICS Net Sales by Sport Shoes

Exhibit 1～Exhibit 4 (ASICS Web Site)

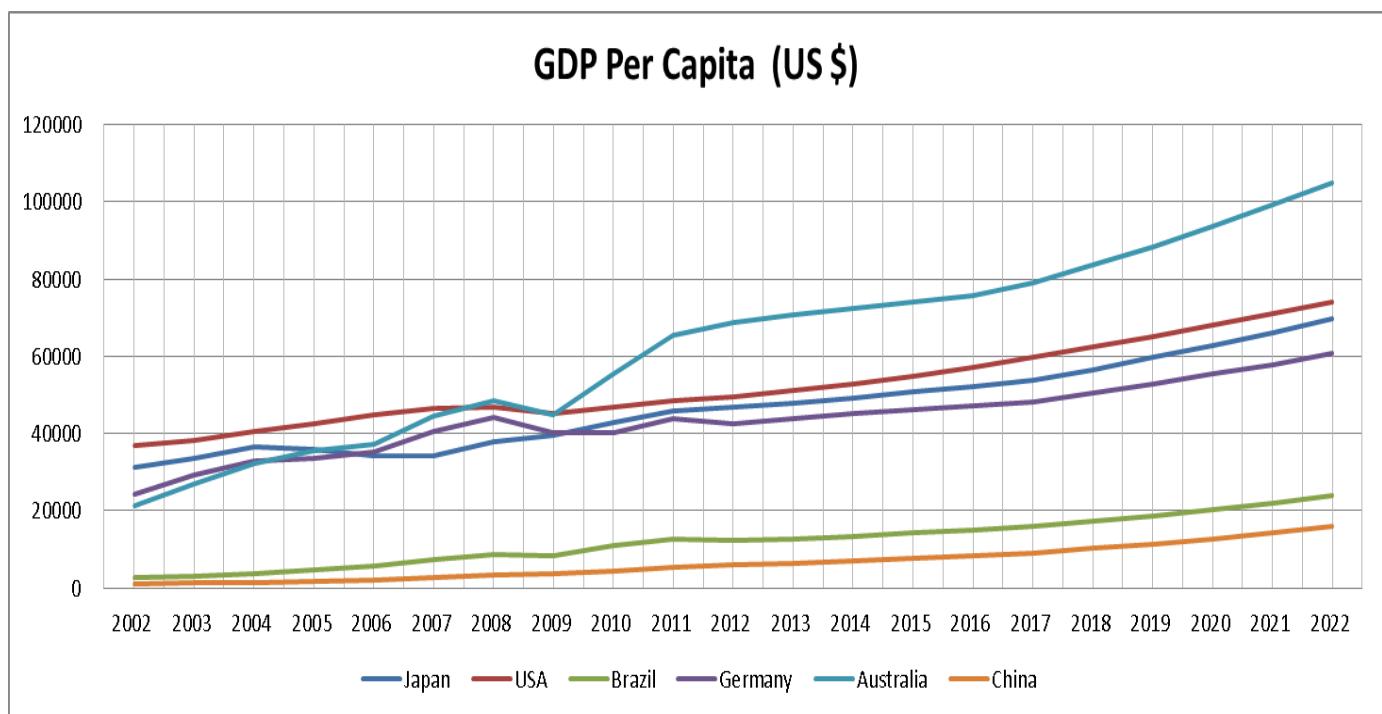


Exhibit 5: GDP Per Capita (IMF - World Economic Outlook)

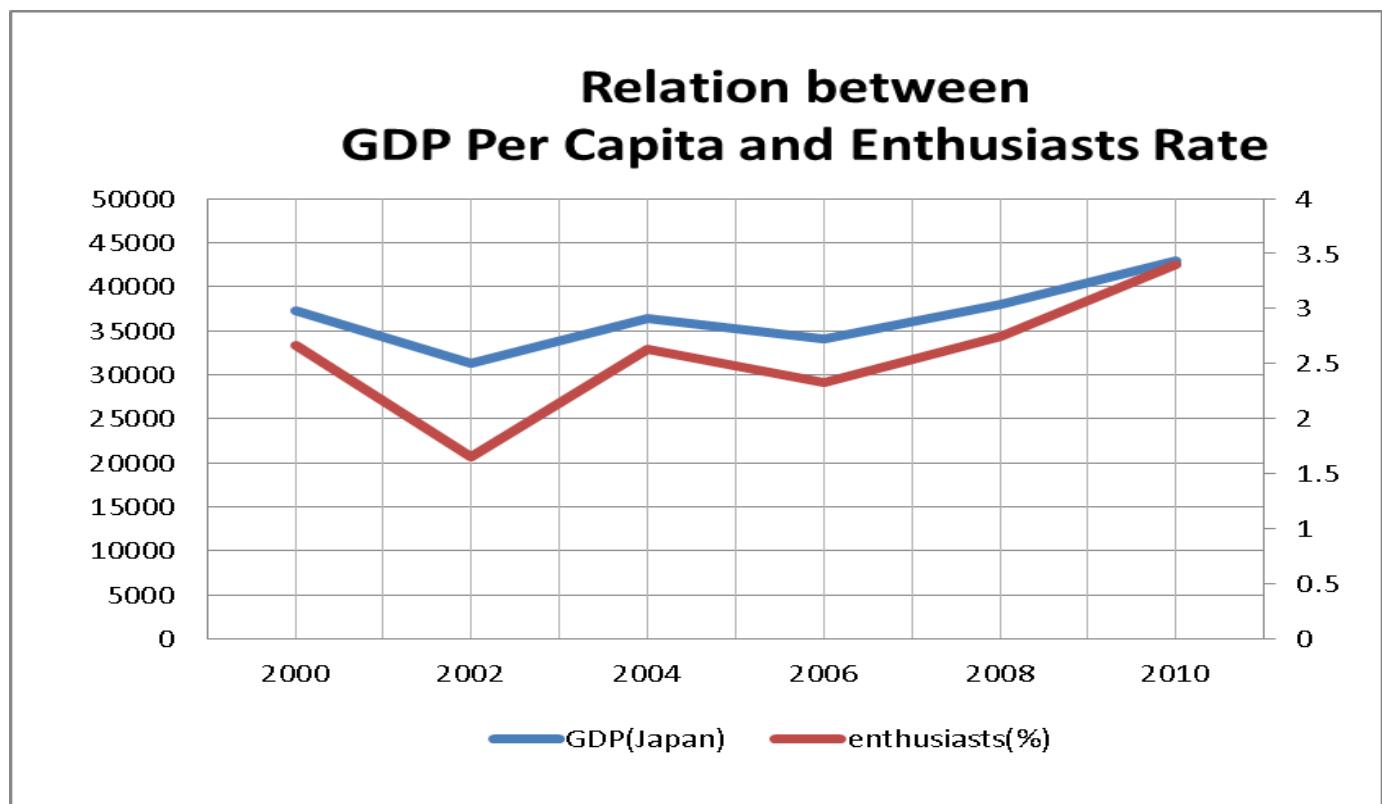


Exhibit 6: The number of the enthusiasts (SASAGAWA Sports Foundation Web Site)

## Population of High-Income Group



Exhibit 7: The Population of High-Income Group in China (JETRO Web Site)

Exhibit 8: Consolidated Balance Sheet [March 2005- March 2012] (millions of yen)

Condensed Consolidated Balance Sheet		2005	2006	2007	2008	2009	2010	2011	2012
<b>Assets</b>									
Cash and time deposit	9366	12055	10933	20539	23418	33436	26446	28927	
Funds surplus									
Accounts receivable trade	44413	49381	55236	63030	55488	56744	55059	59392	
Inventories	27770	32125	35796	47445	39396	35772	43724	48348	
Deferred tax assets	1901	2581	3172	4392	5014	4459	4778	4898	
others	2168	3776	4805	5460	4508	5576	6622	6868	
<b>Total current assets</b>	<b>85618</b>	<b>99918</b>	<b>109942</b>	<b>140866</b>	<b>127824</b>	<b>135987</b>	<b>136629</b>	<b>148433</b>	
Depreciable assets	9539	9844	11454	12962	13473	12764	16408	19995	
Construction in progress	0	0	0	230	4	2317	1203	30	
Land and other assets	5459	5971	5825	7297	10577	10375	10351	10178	
<b>Total tangible assets</b>	<b>14998</b>	<b>15815</b>	<b>17278</b>	<b>20491</b>	<b>24056</b>	<b>25458</b>	<b>27965</b>	<b>30206</b>	
Goodwill	0	0	0	0	0	1578	5949	4874	
others	856	1531	2631	3776	2879	4429	13253	11676	
<b>Total intangible fixed assets</b>	<b>856</b>	<b>1531</b>	<b>2631</b>	<b>3776</b>	<b>2879</b>	<b>6007</b>	<b>19202</b>	<b>16550</b>	
(Investment in securities)	13774	16765	16332	10818	8716	7092	6659	7260	
(Long-term loans receivable)	782	791	830	692	736	632	359	346	
<b>Total investments and other assets</b>	<b>21115</b>	<b>23350</b>	<b>25108</b>	<b>20931</b>	<b>20162</b>	<b>17321</b>	<b>16993</b>	<b>17154</b>	
<b>Total fixed assets</b>	<b>36969</b>	<b>40696</b>	<b>45017</b>	<b>45198</b>	<b>47097</b>	<b>48786</b>	<b>64160</b>	<b>63910</b>	
<b>Total assets</b>	<b>122587</b>	<b>140614</b>	<b>154959</b>	<b>186064</b>	<b>174921</b>	<b>184773</b>	<b>200789</b>	<b>212343</b>	
<b>Liabilities</b>									
Accounts payable trade	17506	18528	20388	22271	20692	20882	21113	21668	
Short-term loans payable	7256	11235	5901	10220	9708	8179	13532	10734	
New borrowing									
Current portion of long-term debt	2421	1721	951	1411	1300	1058	558	2438	
Income tax payable	2748	1377	5662	1334	2644	1590	1747	3177	
others	12921	13317	15984	24923	15661	15765	16573	17952	
<b>Total current liabilities</b>	<b>42852</b>	<b>46178</b>	<b>48886</b>	<b>60159</b>	<b>50005</b>	<b>47474</b>	<b>53523</b>	<b>55969</b>	
Bonds	5200	3200	0	0	11000	11000	16000	16000	
Convertible bonds	0	0	0	0	0	0	0	0	
Long-term loans payable	3159	4228	4173	4931	3417	3450	6425	5317	
Reserve for retirement benefits	7188	6619	6619	7140	7364	7627	7880	8103	
Reserve for retirement benefits for officers	0	561	512	322	0	0	0	0	
Deferred tax liabilities	265	703	764	328	318	979	3548	3622	
Asset retirement obligation	0	0	0	0	0	0	0	0	
others	2880	1392	839	3043	4554	4579	7044	8016	
<b>Total fixed liabilities</b>	<b>18692</b>	<b>16703</b>	<b>12907</b>	<b>15764</b>	<b>26653</b>	<b>27635</b>	<b>40897</b>	<b>41058</b>	
<b>Total liabilities</b>	<b>61544</b>	<b>62881</b>	<b>61793</b>	<b>75923</b>	<b>76658</b>	<b>75109</b>	<b>94420</b>	<b>97027</b>	
<b>Net asset</b>									
Common stock	23972	23972	23972	23972	23972	23972	23972	23972	
Capital surplus	17182	17182	17182	17182	17182	17182	17182	17182	
Legal reserve of retained earnings	17475	30704	43459	54214	64937	71658	78963	89778	
Treasury stocks	(170)	(354)	(551)	(704)	(7749)	(7780)	(7807)	(7821)	
others	0	0	0	0	0	0	1	0	
<b>Owner's equity</b>	<b>58459</b>	<b>71504</b>	<b>84062</b>	<b>94664</b>	<b>98342</b>	<b>105032</b>	<b>112311</b>	<b>123111</b>	
Accumulated other comprehensive profit	(9)	3395	5648	4958	(9595)	(5364)	(12786)	(15160)	
Minority stockholder's equity	2593	2835	3455	10519	9515	9997	6844	7364	
<b>Total net assets</b>	<b>61043</b>	<b>77734</b>	<b>93165</b>	<b>110141</b>	<b>98262</b>	<b>109665</b>	<b>106369</b>	<b>115315</b>	
<b>Total liabilities and net assets</b>	<b>122587</b>	<b>140615</b>	<b>154958</b>	<b>186064</b>	<b>174920</b>	<b>184774</b>	<b>200789</b>	<b>212342</b>	

Exhibit 9: Consolidated profit and loss statement [March 2005- March 2012] (millions of yen)

<b>Consolidated profit and loss statement</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Net sales</b>	<b>146679</b>	<b>171036</b>	<b>194515</b>	<b>226174</b>	<b>241944</b>	<b>224395</b>	<b>235349</b>	<b>247792</b>
Cost of sales	88244	98578	110051	127132	138901	130170	132226	140243
<b>Gross profit</b>	<b>58435</b>	<b>72458</b>	<b>84465</b>	<b>99041</b>	<b>103043</b>	<b>94225</b>	<b>103122</b>	<b>107549</b>
Depliciation	1185	1370	1718	2661	3039	3287	4148	4940
Others	47354	54644	62498	72986	77375	73356	77400	82980
Selling, general and administrative expenses	48539	56014	64216	75647	80414	76643	81548	87920
<b>Operaring incom</b>	<b>9895</b>	<b>16444</b>	<b>20248</b>	<b>23394</b>	<b>22628</b>	<b>17582</b>	<b>21573</b>	<b>19628</b>
Interest and Divident income	494	687	1008	1727	1136	1057	585	628
others	1629	1285	2136	1259	1230	959	786	800
<b>Non-operating income</b>	<b>2123</b>	<b>1972</b>	<b>3144</b>	<b>2986</b>	<b>2366</b>	<b>2016</b>	<b>1371</b>	<b>1428</b>
Interest payed	521	478	475	696	615	481	465	649
others	534	602	718	4550	3370	886	3011	704
<b>Non-operating expenses</b>	<b>1055</b>	<b>1081</b>	<b>1193</b>	<b>5247</b>	<b>3986</b>	<b>1369</b>	<b>3477</b>	<b>1353</b>
<b>Ordinary income</b>	<b>10964</b>	<b>17335</b>	<b>22199</b>	<b>21133</b>	<b>21008</b>	<b>18230</b>	<b>19467</b>	<b>19702</b>
Extraordinary profit	219	593	1867	1156	49	497	5	1321
Extraordinary loss	430	561	67	618	1322	418	976	375
<b>Net income before income tax</b>	<b>10753</b>	<b>17367</b>	<b>23999</b>	<b>21671</b>	<b>19735</b>	<b>18309</b>	<b>18496</b>	<b>20649</b>
Total income, inhabitant and business tax	3322	2726	9353	7960	5568	9125	6771	7452
<b>Net income before minority stockholder's profit</b>	<b>7431</b>	<b>14641</b>	<b>14646</b>	<b>13711</b>	<b>14167</b>	<b>9184</b>	<b>11725</b>	<b>13197</b>
Minority stockholder's profit	425	834	766	616	1081	857	678	579
<b>Net income</b>	<b>7006</b>	<b>13807</b>	<b>13878</b>	<b>13095</b>	<b>13085</b>	<b>8326</b>	<b>11046</b>	<b>12617</b>

Exhibit 10: Cash flow statement [March 2006- March 2012] (millions of yen)

Cash flow statement	2006	2007	2008	2009	2010	2011	2012
Net income	13807	13878	13095	13085	8326	11046	12617
Depreciation	1370	1718	2661	3039	3287	4148	4940
Accounts receivable trade	(4968)	(5855)	(7794)	7542	(1256)	1685	(4333)
Inventories	(4355)	(3671)	(11649)	8049	3624	(7952)	(4624)
Defferd tax assets	(680)	(591)	(1220)	(622)	555	(319)	(120)
Dffered tax liabilities	438	61	(436)	(10)	661	2569	74
Others(current assets)	(1608)	(1029)	(655)	952	(1068)	(1046)	(246)
Accounts payable trade	1022	1860	1883	(1579)	190	231	555
Income tax repayable	(1371)	4285	(4328)	1310	(1054)	157	1430
<b>Operating cash flow</b>	<b>3655</b>	<b>10656</b>	<b>(8443)</b>	<b>31766</b>	<b>13265</b>	<b>10519</b>	<b>10293</b>
Total current assets	(817)	(1463)	(3213)	(3565)	(1402)	(2507)	(2241)
Goodwill	0	0	0	0	(1578)	(4371)	1075
Others(intangible fixed assets)	(675)	(1100)	(1145)	897	(1550)	(8824)	1577
Total investments and other assets	(2235)	(1758)	4177	769	2841	328	(161)
Depciation	(1370)	(1718)	(2661)	(3039)	(3287)	(4148)	(4940)
<b>Investment cash flow</b>	<b>(5097)</b>	<b>(6039)</b>	<b>(2842)</b>	<b>(4938)</b>	<b>(4976)</b>	<b>(19522)</b>	<b>(4690)</b>
<b>Free cash flow</b>	<b>(1442)</b>	<b>4617</b>	<b>(11285)</b>	<b>26828</b>	<b>8289</b>	<b>(9003)</b>	<b>5603</b>
Short-term loans payable	3979	(5334)	4319	(512)	(1529)	5353	(2798)
Current portion of lomg-term debt	(700)	(770)	460	(111)	(242)	(500)	1880
Others(current liabolties)	396	2667	8939	(9262)	104	808	1379
Bonds	(2000)	(3200)	0	11000	0	5000	0
Convertible bonds	0	0	0	0	0	0	0
Long-term loans payable	1069	(55)	758	(1514)	33	2975	(1108)
Reserve for retirement benefits	(569)	0	521	224	263	253	223
Reserve for retirement benefits for officers	561	(49)	(190)	(322)	0	0	0
Others(fixed liabolties)	(1488)	(553)	2204	1511	25	2465	972
Common stock	0	0	0	0	0	0	0
Capital surplus	0	0	0	0	0	0	0
Legal reserve of retained earnings	(68)	(434)	(1144)	(776)	382	(1838)	93
Treasury stocks	(184)	(197)	(153)	(7045)	(31)	(27)	(14)
Others(owner's equity)	0	0	0	0	0	1	(1)
Accumulated other comprehensive profit	3404	2253	(690)	(14553)	4231	(7422)	(2374)
Minority stockholder's equity	242	620	7064	(1004)	482	(3153)	520
Divident paid	(510)	(689)	(1196)	(1586)	(1987)	(1903)	(1895)
<b>Financial cash flow</b>	<b>4132</b>	<b>(5741)</b>	<b>20892</b>	<b>(23950)</b>	<b>1731</b>	<b>2012</b>	<b>(3123)</b>
<b>Decrease and increase in cash and time deposit</b>	<b>2690</b>	<b>(1124)</b>	<b>9607</b>	<b>2878</b>	<b>10020</b>	<b>(6991)</b>	<b>2480</b>
Cash and time deposit at beginning of year	9366	12055	10933	20539	23418	33436	26446
<b>Cash and time deposit at end of year</b>	<b>12056</b>	<b>10931</b>	<b>20540</b>	<b>23417</b>	<b>33438</b>	<b>26445</b>	<b>28926</b>

Exhibit 11: Consolidated Balance Sheet [March 2011- March 2022] (millions of yen)

Condensed Consolidated Balance Sheet		2011	2012.3	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Assets</b>													
Cash and time deposit		26446	28927	25701	26848	28077	29122	30256	31562	32694	33944	35325	36853
Funds surplus			4822	7374	9813	13770	17778	21406	26500	31502	36360	41020	
Accounts receivable trade		55059	59392	61600	64351	67296	69802	72519	75649	78363	81358	84668	88331
Inventories		43724	48348	50146	52385	54782	56822	59034	61582	63791	66229	68924	71906
Deferred tax assets		4778	4898	4898	4898	4898	4898	4898	4898	4898	4898	4898	4898
others		6622	6868	5944	6210	6494	6736	6998	7300	7562	7851	8170	8524
<b>Total current assets</b>		<b>136629</b>	<b>148433</b>	<b>153111</b>	<b>162066</b>	<b>171361</b>	<b>181150</b>	<b>191483</b>	<b>202397</b>	<b>213808</b>	<b>225782</b>	<b>238345</b>	<b>251531</b>
Depreciable assets		16408	19995	14498	16183	17776	19262	20674	22051	23370	24661	25948	27253
Construction in progress		1203	30	7249	8092	8888	9631	10337	11025	11685	12331	12974	13627
Land and other assets		10351	10178	12850	13424	14038	14561	15128	15781	16347	16972	17662	18426
<b>Total tangible assets</b>		<b>27965</b>	<b>30206</b>	<b>34597</b>	<b>37699</b>	<b>40702</b>	<b>43454</b>	<b>46139</b>	<b>48857</b>	<b>51403</b>	<b>53964</b>	<b>56584</b>	<b>59307</b>
Goodwill		5949	4874										
others		13253	11676	12105	12645	13224	13717	14251	14866	15399	15987	16638	17358
<b>Total intangible fixed assets</b>		<b>19202</b>	<b>16550</b>	<b>12105</b>	<b>12645</b>	<b>13224</b>	<b>13717</b>	<b>14251</b>	<b>14866</b>	<b>15399</b>	<b>15987</b>	<b>16638</b>	<b>17358</b>
(Investment in securities)		6659	7260	7260	7260	7260	7260	7260	7260	7260	7260	7260	7260
(Long-term loans receivable)		359	346	346	346	346	346	346	346	346	346	346	346
<b>Total investments and other assets</b>		<b>16993</b>	<b>17154</b>										
<b>Total fixed assets</b>		<b>64160</b>	<b>63910</b>	<b>63856</b>	<b>67498</b>	<b>71080</b>	<b>74325</b>	<b>77544</b>	<b>80876</b>	<b>83955</b>	<b>87105</b>	<b>90376</b>	<b>93818</b>
<b>Total assets</b>		<b>200789</b>	<b>212343</b>	<b>216967</b>	<b>229565</b>	<b>242441</b>	<b>255475</b>	<b>269027</b>	<b>283273</b>	<b>297764</b>	<b>312887</b>	<b>328721</b>	<b>345349</b>
<b>Liabilities</b>													
Accounts payable trade		21113	21668	22772	23789	24877	25804	26808	27965	28968	30076	31299	32653
Short-term loans payable		13532	10734	10734	10734	10734	10734	10734	10734	10734	10734	10734	10734
New borrowing			0	0	0	0	0	0	0	0	0	0	0
Current portion of long-term debt		558	2438	2438	2438	2438	2438	2438	2438	2438	2438	2438	2438
Income tax repayable		1747	3177	4588	4986	5173	5329	5513	5736	5928	6150	6402	6684
others		16573	17952	17952	17952	17952	17952	17952	17952	17952	17952	17952	17952
<b>Total current liabilities</b>		<b>53523</b>	<b>55969</b>	<b>58484</b>	<b>59898</b>	<b>61174</b>	<b>62256</b>	<b>63445</b>	<b>64825</b>	<b>66020</b>	<b>67350</b>	<b>68825</b>	<b>70462</b>
Bonds		16000	16000	0	0	0	0	0	0	0	0	0	0
Convertible bonds		0	0	0	0	0	0	0	0	0	0	0	0
Long-term loans payable		6425	5317	5317	5317	5317	5317	5317	5317	5317	5317	5317	5317
Reserve for retirement benefits		7880	8103	8103	8103	8103	8103	8103	8103	8103	8103	8103	8103
Reserve for retirement benefits for officers		0	0	0	0	0	0	0	0	0	0	0	0
Deferred tax liabilities		3548	3622	3622	3622	3622	3622	3622	3622	3622	3622	3622	3622
Asset retirement obligation		0	0	0	0	0	0	0	0	0	0	0	0
others		7044	8016	8016	8016	8016	8016	8016	8016	8016	8016	8016	8016
<b>Total fixed liabilities</b>		<b>40897</b>	<b>41058</b>	<b>25058</b>									
<b>Total liabilities</b>		<b>94420</b>	<b>97027</b>	<b>83542</b>	<b>84956</b>	<b>86232</b>	<b>87314</b>	<b>88503</b>	<b>89883</b>	<b>91078</b>	<b>92408</b>	<b>93883</b>	<b>95520</b>
Net asset													
Common stock		23972	23972	23972	23972	23972	23972	23972	23972	23972	23972	23972	23972
Capital surplus		17182	17182	17182	17182	17182	17182	17182	17182	17182	17182	17182	17182
Legal reserve of retained earnings		78963	89778	99303	109655	120394	131457	142903	154812	167119	179889	193180	207058
Treasury stocks		(7807)	(7821)										
others		1	0	0	0	0	0	0	0	0	0	0	0
<b>Owner's equity</b>		<b>112311</b>	<b>123111</b>	<b>140457</b>	<b>150809</b>	<b>161548</b>	<b>172611</b>	<b>184057</b>	<b>195966</b>	<b>208273</b>	<b>221043</b>	<b>234334</b>	<b>248212</b>
Accumulated other comprehensive profit		(12786)	(15160)	(15160)	(15160)	(15160)	(15160)	(15160)	(15160)	(15160)	(15160)	(15160)	(15160)
Minority stockholder's equity		6844	7364	8129	8959	9821	10709	11628	12584	13572	14597	15664	16778
<b>Total net assets</b>		<b>106369</b>	<b>115315</b>	<b>133426</b>	<b>144608</b>	<b>156209</b>	<b>168161</b>	<b>180525</b>	<b>193390</b>	<b>206685</b>	<b>220480</b>	<b>234838</b>	<b>249830</b>
<b>Total liabilities and net assets</b>		<b>200789</b>	<b>212342</b>	<b>216967</b>	<b>229565</b>	<b>242441</b>	<b>255475</b>	<b>269027</b>	<b>283273</b>	<b>297764</b>	<b>312887</b>	<b>328721</b>	<b>345349</b>

Exhibit 12: Consolidated profit and loss statement [March 2013- March 2022] (millions of yen)

Consolidated profit and loss statement	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Net sales</b>	<b>235349</b>	<b>247792</b>	<b>257005</b>	<b>268482</b>	<b>280770</b>	<b>291223</b>	<b>302561</b>	<b>315618</b>	<b>326940</b>	<b>339437</b>	<b>353247</b>	<b>368529</b>
Cost of sales	132226	140243	147387	153969	161016	167011	173512	181000	187494	194660	202580	211344
<b>Gross profit</b>	<b>103122</b>	<b>107549</b>	<b>109618</b>	<b>114513</b>	<b>119754</b>	<b>124213</b>	<b>129048</b>	<b>134617</b>	<b>139447</b>	<b>144777</b>	<b>150667</b>	<b>157185</b>
Deplication	4148	4940	4704	4184	4631	5051	5446	5826	6194	6550	6901	7255
Others	77400	82980	83424	87149	91138	94531	98211	102449	106124	110181	114664	119624
Selling, general and administrative expenses	81548	87920	88127	91333	95768	99581	103657	108275	112318	116731	121565	126879
<b>Operaring incom</b>	<b>21573</b>	<b>19628</b>	<b>21491</b>	<b>23180</b>	<b>23986</b>	<b>24631</b>	<b>25392</b>	<b>26342</b>	<b>27128</b>	<b>28046</b>	<b>29102</b>	<b>30306</b>
Interest and Divident income	0	628	902	962	1046	1144	1259	1373	1500	1641	1783	1924
others	764	778	778	778	778	778	778	778	778	778	778	778
Non-operating income	1371	1428	1680	1740	1824	1922	2037	2151	2278	2419	2561	2702
Interest payed	465	649	484	338	338	338	338	338	338	338	338	338
others	3011	704	704	704	704	704	704	704	704	704	704	704
Non-operating expenses	3477	1353	1188	1042	1042	1042	1042	1042	1042	1042	1042	1042
<b>Ordinary income</b>	<b>19467</b>	<b>19702</b>	<b>21982</b>	<b>23878</b>	<b>24767</b>	<b>25511</b>	<b>26386</b>	<b>27451</b>	<b>28364</b>	<b>29423</b>	<b>30621</b>	<b>31966</b>
Extraordinary profit	5	1321	606	606	606	606	606	606	606	606	606	606
Extraordinary loss	976	375	742	742	742	742	742	742	742	742	742	742
<b>Net income before income tax</b>	<b>18496</b>	<b>20649</b>	<b>21846</b>	<b>23742</b>	<b>24631</b>	<b>25375</b>	<b>26250</b>	<b>27315</b>	<b>28228</b>	<b>29287</b>	<b>30485</b>	<b>31830</b>
Total income, inhabitant and business tax	6771	7452	9175	9972	10345	10657	11025	11472	11856	12301	12804	13369
<b>Net income before minority stockholder's profit</b>	<b>11725</b>	<b>13197</b>	<b>12671</b>	<b>13770</b>	<b>14286</b>	<b>14717</b>	<b>15225</b>	<b>15843</b>	<b>16372</b>	<b>16987</b>	<b>17681</b>	<b>18461</b>
Minority stockholder's profit	678	579	765	831	862	888	919	956	988	1025	1067	1114
<b>Net income</b>	<b>11046</b>	<b>12617</b>	<b>11906</b>	<b>12939</b>	<b>13424</b>	<b>13829</b>	<b>14306</b>	<b>14887</b>	<b>15384</b>	<b>15962</b>	<b>16614</b>	<b>17347</b>

Exhibit 13: Cash flow statement [March 2013- March 2022] (millions of yen)

Cash flow statement	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net income	12617	11906	12939	13424	13829	14306	14887	15384	15962	16614	17347	
Depreciation	4940	4704	4184	4631	5051	5446	5826	6194	6550	6901	7255	
Accounts receivable trade	(4333)	(2208)	(2751)	(2945)	(2506)	(2717)	(3130)	(2714)	(2995)	(3310)	(3663)	
Inventries	(4624)	(1798)	(2239)	(2398)	(2040)	(2212)	(2548)	(2209)	(2438)	(2695)	(2982)	
Defferd tax assets	(120)	0	0	0	0	0	0	0	0	0	0	0
Dffered tax liabilities	74	0	0	0	0	0	0	0	0	0	0	0
Others(current assets)	(246)	924	(265)	(284)	(242)	(262)	(302)	(262)	(289)	(319)	(353)	
Accounts payable trade	555	1104	1017	1089	926	1005	1157	1003	1107	1224	1354	
Income tax repayable	1430	1411	398	187	156	184	224	192	222	252	282	
<b>Operating cash flow</b>	<b>10293</b>	<b>16042</b>	<b>13283</b>	<b>13703</b>	<b>15175</b>	<b>15749</b>	<b>16114</b>	<b>17588</b>	<b>18118</b>	<b>18667</b>	<b>19241</b>	
Total current assets	(2241)	(4391)	(3102)	(3003)	(2753)	(2685)	(2717)	(2546)	(2561)	(2620)	(2723)	
Goodwill	1075	4874	0	0	0	0	0	0	0	0	0	0
Others(intangible fixed assets)	1577	(429)	(541)	(579)	(492)	(534)	(615)	(533)	(589)	(650)	(720)	
Total investments and other assets	(161)	0	0	0	0	0	0	0	0	0	0	0
Depreciation	(4940)	(4704)	(4184)	(4631)	(5051)	(5446)	(5826)	(6194)	(6550)	(6901)	(7255)	
<b>Investment cash flow</b>	<b>(4690)</b>	<b>(4649)</b>	<b>(7826)</b>	<b>(8212)</b>	<b>(8296)</b>	<b>(8665)</b>	<b>(9158)</b>	<b>(9273)</b>	<b>(9699)</b>	<b>(10172)</b>	<b>(10697)</b>	
<b>Free cash flow</b>	<b>5603</b>	<b>11393</b>	<b>5456</b>	<b>5491</b>	<b>6880</b>	<b>7084</b>	<b>6956</b>	<b>8315</b>	<b>8419</b>	<b>8495</b>	<b>8544</b>	
Short-term loans payable	(2798)	0	0	0	0	0	0	0	0	0	0	0
New borrowing	0	0	0	0	0	0	0	0	0	0	0	0
Current portion of long-term debt	1880	0	0	0	0	0	0	0	0	0	0	0
Others(current liabolities)	1379	0	0	0	0	0	0	0	0	0	0	0
Bonds	0	(16000)	0	0	0	0	0	0	0	0	0	0
Convertible bonds	0	0	0	0	0	0	0	0	0	0	0	0
Long-term loans payable	(1108)	0	0	0	0	0	0	0	0	0	0	0
Reserve for retirement benefits	223	0	0	0	0	0	0	0	0	0	0	0
Reserve for retirement benefits for officers	0	0	0	0	0	0	0	0	0	0	0	0
Others(fixed liabolities)	972	0	0	0	0	0	0	0	0	0	0	0
Common stock	0	0	0	0	0	0	0	0	0	0	0	0
Capital surplus	0	0	0	0	0	0	0	0	0	0	0	0
Legal reserve of retained earnings	93	(0)	(0)	(0)	0	0	0	0	0	0	0	0
Treasury stocks	(14)	7821	0	0	0	0	0	0	0	0	0	0
Others(owner's equity)	(1)	0	0	0	0	0	0	0	0	0	0	0
Accumulated other comprehensive profit	(2374)	0	0	0	0	0	0	0	0	0	0	0
Minority stockholder's equity	520	765	831	862	888	919	956	988	1025	1067	1114	
Divident paid	(1895)	(2381)	(2588)	(2685)	(2766)	(2861)	(2977)	(3077)	(3192)	(3323)	(3469)	
<b>Financial cash flow</b>	<b>(3123)</b>	<b>(9796)</b>	<b>(1757)</b>	<b>(1823)</b>	<b>(1878)</b>	<b>(1943)</b>	<b>(2021)</b>	<b>(2089)</b>	<b>(2167)</b>	<b>(2256)</b>	<b>(2358)</b>	
Decrease and increase in cash and time deposit	2480	1597	3699	3668	5002	5142	4935	6226	6252	6238	6188	
Cash and time deposit at beginning of year	26446	28927	30523	34222	37890	42892	48034	52968	59194	59194	65446	71685
<b>Cash and time deposit at end of year</b>	<b>28926</b>	<b>30524</b>	<b>34222</b>	<b>37890</b>	<b>42892</b>	<b>48034</b>	<b>52968</b>	<b>59194</b>	<b>65446</b>	<b>71685</b>	<b>77873</b>	

Exhibit 14: DCF method

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Japan	99381	102401	105512	107095	108701	110332	110332	110332	110332	110332	Total present
Americas	62126	65416	68881	72529	76371	81835	87690	93963	100686	107890	39851
Europe	61637	63725	65884	67000	68135	69290	69290	69290	69290	69290	Tarminal growth
Oceania	10667	11079	11508	11952	12415	12894	13393	13911	14448	15007	1.50%
East Asia	15487	18153	21277	24939	29232	33560	38529	44234	50784	58304	Discount rate
Others	7707	7707	7707	7707	7707	7707	7707	7707	7707	7707	1.64
<b>Total sales</b>	<b>257005</b>	<b>268482</b>	<b>280770</b>	<b>291223</b>	<b>302561</b>	<b>315618</b>	<b>326940</b>	<b>339437</b>	<b>353247</b>	<b>368529</b>	<b>Continuous va</b>
Cost of sales	147387	153969	161016	167011	173512	181000	187494	194660	202580	211344	Enterprise val
Selling, general and administrative expenses	88127	91333	95768	99581	103657	108275	112318	116731	121565	126879	17154
<b>EBITA</b>	<b>21491</b>	<b>23180</b>	<b>23986</b>	<b>24631</b>	<b>25392</b>	<b>26342</b>	<b>27128</b>	<b>28046</b>	<b>29102</b>	<b>30306</b>	<b>Corporate val</b>
Tax	40.70%	40.70%	40.70%	40.70%	40.70%	40.70%	40.70%	40.70%	40.70%	40.70%	Debt
<b>NOPLAT</b>	<b>12744</b>	<b>13746</b>	<b>14223</b>	<b>14606</b>	<b>15057</b>	<b>15621</b>	<b>16087</b>	<b>16631</b>	<b>17258</b>	<b>17972</b>	Shares of minor
Depliciation	4704	4184	4631	5051	5446	5826	6194	6550	6901	7255	Shareholder's
<b>Gross cash flow</b>	<b>17448</b>	<b>17930</b>	<b>18854</b>	<b>19657</b>	<b>20503</b>	<b>21447</b>	<b>22281</b>	<b>23181</b>	<b>24159</b>	<b>25226</b>	Shares issued
A change in working capital	2902	3973	4254	3619	3925	4520	3920	4326	4781	5291	Target stock p
Capital investment	6425	6712	7019	7281	7564	7890	8174	8486	8831	9213	
Aggregate investment	9327	10685	11273	10900	11489	12411	12093	12812	13612	14504	
<b>Operating free cash flow</b>	<b>8120</b>	<b>7245</b>	<b>7581</b>	<b>8757</b>	<b>9014</b>	<b>9036</b>	<b>10188</b>	<b>10369</b>	<b>10547</b>	<b>10723</b>	
Discount rate	1.05	1.09	1.14	1.20	1.25	1.31	1.37	1.43	1.50	1.56	
<b>Present value</b>	<b>3969</b>	<b>3460</b>	<b>3537</b>	<b>3988</b>	<b>4005</b>	<b>3915</b>	<b>4303</b>	<b>4267</b>	<b>4226</b>	<b>4182</b>	